

AMENDED IN ASSEMBLY MAY 14, 2012

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

ASSEMBLY BILL

No. 2516

Introduced by Assembly Member Bradford

February 24, 2012

An act to amend Section 345.5 of the Public Utilities Code, relating to electricity.

LEGISLATIVE COUNSEL'S DIGEST

AB 2516, as amended, Bradford. Independent System Operator.

The existing restructuring of the electrical industry within the Public Utilities Act provides for the establishment of an Independent System Operator (ISO) as a nonprofit public benefit corporation. Existing law requires the ISO to manage the transmission grid and related energy markets in a manner that is consistent with (1) making the most efficient use of available energy resources, (2) reducing, to the extent possible, overall economic cost to the state's consumers, (3) applicable state law intended to protect the public's health and the environment, and (4) maximizing the availability of existing electric generation resources necessary to meet the needs of the state's electricity consumers.

This bill would, *in addition*, require the ISO to manage the transmission grid and related energy markets in a manner that is consistent with ~~(1) making the most efficient use of available energy resources, (2) reducing, to the maximum extent possible, overall economic cost to the state's consumers, (3) applicable state law intended to protect the public's health and the environment, (4) maximizing the availability of existing electric generation resources necessary to meet the needs of the state's electricity consumers, (5) conducting internal operations in a manner that maximizes electricity reliability at the lowest~~

~~cost for ratepayers, minimizes cost impact on ratepayers to the extent practicable and consistent with the provisions applicable to the operation of the ISO and (6) communicating, to the maximum extent possible, with all balancing coordinators operating area authorities in California in a manner that supports electrical reliability.~~

The Public Utilities Act provides that every corporation or person, other than a public utility and its officers, agents, and employees, that fails to comply with the act is guilty of a crime. Because the requirements of this bill are within the act, the bill would impose a state-mandated local program by expanding the application of a crime.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 345.5 of the Public Utilities Code is
- 2 amended to read:
- 3 345.5. (a) The Independent System Operator, as a nonprofit,
- 4 public benefit corporation, shall conduct its operations consistent
- 5 with applicable state and federal laws and consistent with the
- 6 interests of the people of the state.
- 7 (b) To ensure the reliability of electric service and the health
- 8 and safety of the public, the Independent System Operator shall
- 9 manage the transmission grid and related energy markets in a
- 10 manner that is consistent with all of the following:
- 11 (1) Making the most efficient use of available energy resources.
- 12 For purposes of this section, “available energy resources” include
- 13 energy, capacity, ancillary services, and demand bid into markets
- 14 administered by the Independent System Operator. “Available
- 15 energy resources” do not include a schedule submitted to the
- 16 Independent System Operator by an electrical corporation or a
- 17 local publicly owned electric utility to meet its own customer load.
- 18 (2) Reducing, to the ~~maximum~~ extent possible, overall economic
- 19 cost to the state’s consumers.

1 (3) Applicable state law intended to protect the public's health
2 and the environment.

3 (4) Maximizing availability of existing electric generation
4 resources necessary to meet the needs of the state's electricity
5 consumers.

6 (5) Conducting internal operations in a manner that ~~maximizes~~
7 ~~electricity reliability at the lowest cost for ratepayers~~ *minimizes*
8 *cost impact on ratepayers to the extent practicable and consistent*
9 *with the provisions of this chapter.*

10 (6) Communicating, ~~to the maximum extent possible,~~ with all
11 ~~balancing coordinators operating~~ *area authorities* in California *in*
12 *a manner that supports electrical reliability.*

13 (c) The Independent System Operator shall do all of the
14 following:

15 (1) Consult and coordinate with appropriate state and local
16 agencies to ensure that the Independent System Operator operates
17 in furtherance of state law regarding consumer and environmental
18 protection.

19 (2) Ensure that the purposes and functions of the Independent
20 System Operator are consistent with the purposes and functions
21 of nonprofit, public benefit corporations in the state, including
22 duties of care and conflict-of-interest standards for officers and
23 directors of a corporation.

24 (3) Maintain open meeting standards and meeting notice
25 requirements consistent with the general policies of the
26 Bagley-Keene Open Meeting Act (Article 9 (commencing with
27 Section 11120) of Chapter 1 of Part 1 of Division 3 of Title 2 of
28 the Government Code) and affording the public the greatest
29 possible access, consistent with other duties of the corporation.
30 The Independent System Operator's Open Meeting Policy, as
31 adopted on April 23, 1998, and in effect as of May 1, 2002, meets
32 the requirements of this paragraph. The Independent System
33 Operator shall maintain a policy that is no less consistent with the
34 Bagley-Keene Open Meeting Act than its policy in effect as of
35 May 1, 2002.

36 (4) Provide public access to corporate records consistent with
37 the general policies of the California Public Records Act (Chapter
38 3.5 (commencing with Section 6250) of Division 7 of Title 1 of
39 the Government Code) and affording the public the greatest
40 possible access, consistent with the other duties of the corporation.

1 The Independent System Operator's Information Availability
2 Policy, as adopted on October 22, 1998, and in effect as of May
3 1, 2002, meets the requirements of this paragraph. The Independent
4 System Operator shall maintain a policy that is no less consistent
5 with the California Public Records Act than its policy in effect as
6 of May 1, 2002.

7 SEC. 2. No reimbursement is required by this act pursuant to
8 Section 6 of Article XIII B of the California Constitution because
9 the only costs that may be incurred by a local agency or school
10 district will be incurred because this act creates a new crime or
11 infraction, eliminates a crime or infraction, or changes the penalty
12 for a crime or infraction, within the meaning of Section 17556 of
13 the Government Code, or changes the definition of a crime within
14 the meaning of Section 6 of Article XIII B of the California
15 Constitution.